

SANPETE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2006

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	16
STATEMENT OF ACTIVITIES	17
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS	18
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS	19
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND	22
NOTES TO FINANCIAL STATEMENTS	23
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM	44
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	45
BUDGETARY COMPARISON SCHEDULES:	
GENERAL FUND	46
CLASS B ROAD	48
E-911 FUND	49
MUNICIPAL BUILDING AUTHORITY	50

C O N T E N T S

	Page
COMBINING FINANCIAL STATEMENTS AND SCHEDULES:	
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL FIDUCIARY FUNDS	52
SCHEDULES:	
COUNTY TREASURER:	
TREASURER'S TAX COLLECTION AGENCY FUND - BALANCE SHEET	53
CURRENT YEARS TAXABLE VALUES	54
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED CURRENT AND PRIOR YEARS	55
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - TAX COLLECTION AGENCY FUND	57
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	60
AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE	62
SCHEDULE OF TRANSIENT ROOM, TOURISM, RECREATION, CULTURE AND CONVENTION FACILITIES TAX EXPENDITURES	64

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Sanpete County
Manti, Utah 84642

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sanpete County as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sanpete County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Gunnison Valley Hospital Special Service District, which represents 97 percent and 93 percent, respectively, of the assets and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gunnison Valley Hospital Special Service District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sanpete County as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2007, on our consideration of Sanpete County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison information on pages 6 through 14, 44 and 45 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Board of County Commissioners
Sanpete County
Page -2-

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanpete County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

April 24, 2007
Richfield, Utah

SANPETE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Sanpete County's financial performance provided an overview of the County's financial activities for the year ending December 31, 2006. This report is in conjunction with the County's financial statements.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The purpose of the County is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- * The assets of Sanpete County exceeded its liabilities as of the close of the most recent year by \$15,942 (net assets). Of this amount, \$3,478 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$1,126. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the Sanpete County governmental funds reported combined ending fund balances of \$5,837, an increase of \$2,109 in comparison with the prior year. Approximately 81 percent of this total amount, \$4,756 is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$4,478, or 68 percent of total general fund expenditures.
- * Sanpete County's total debt increased by \$1,097 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Sanpete County's basic financial statements. Sanpete County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Sanpete County's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of Sanpete County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Sanpete County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Sanpete County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Sanpete County include general government, public safety, public health, highways and public improvements, culture and recreation, and economic development. There are no business-type activities in the financial statements of Sanpete County.

The government-wide financial statements include not only Sanpete County itself (known as the primary government), but also two legally separate special service districts, one for fire protection and one for road improvements. Sanpete County is financially accountable for both of them. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Sanpete County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sanpete County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sanpete County maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, B-Road Fund, E-911 Fund, Municipal Building Authority Fund and Capital Projects Fund all of which are considered to be major funds.

Sanpete County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those fund are *not* available to support Sanpete County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Sanpete County.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sanpete County, assets exceeded liabilities by \$15,942 at the close of the most recent fiscal year.

A portion of Sanpete County's net assets (75 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. Sanpete County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sanpete County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities:**Sanpete County's Net Assets**

	<u>2006</u>	<u>2005</u>	<u>Difference</u>
Current and Other Assets	6,285	3,973	2,312
Capital Assets	<u>12,034</u>	<u>11,927</u>	<u>107</u>
Total Assets	<u>18,319</u>	<u>15,900</u>	<u>2,419</u>
Long-Term Liabilities	641	734	(93)
Other Liabilities	<u>1,736</u>	<u>350</u>	<u>1,386</u>
Total Liabilities	<u>2,377</u>	<u>1,084</u>	<u>1,293</u>
Net Assets:			
Invested in Capital Assets (Net of Related Debt)	11,384	11,089	295
Unrestricted	<u>3,477</u>	<u>3,727</u>	<u>(250)</u>
Restricted	<u>1,081</u>	<u>-</u>	<u>1,081</u>
Total Net Assets	<u>15,942</u>	<u>14,816</u>	<u>1,126</u>

\$1,081 of Sanpete County's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$3,478) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Sanpete county is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities increased Sanpete County's net assets by \$1,126. Key elements of this increase follows:

Sanpete County's Changes in Net Assets

	<u>2006</u>	<u>2005</u>	<u>Difference</u>
Revenues:			
Program Revenues:			
Charges for Services	2,125	2,581	(456)
Operating Grants and Contributions	<u>1,646</u>	<u>1,057</u>	<u>589</u>
General Revenues:			
Property Taxes	2,585	2,528	57
Other Taxes	<u>1,559</u>	<u>1,419</u>	<u>140</u>
Unrestricted Investment Earnings	194	50	144
Grants Not Restricted to Specific Programs	<u>756</u>	<u>741</u>	<u>15</u>
Gain on Sale of Asset	<u>3</u>	<u>-</u>	<u>3</u>
Total Revenues	<u>8,868</u>	<u>8,376</u>	<u>492</u>

Sanpete County's Changes in Net Assets (Continued)

	<u>2006</u>	<u>2005</u>	<u>Difference</u>
Expenses:			
General Government	2,870	2,600	270
Public Safety	2,897	2,340	557
Public Health	285	267	18
Highways and Public Improvements	1,303	1,475	(172)
Culture and Recreation	104	99	5
Economic Development/County Promotion	253	227	26
Interest on Long-Term Debt	<u>30</u>	<u>32</u>	<u>(2)</u>
 Total Expenditures	 <u>7,742</u>	 <u>7,040</u>	 <u>702</u>
 Increase in Net Assets Before Transfers	 1,126	 1,336	 (210)
 Net Assets - Beginning	 <u>14,816</u>	 <u>13,480</u>	 <u>1,336</u>
 Net Assets - Ending	 <u><u>15,942</u></u>	 <u><u>14,816</u></u>	 <u><u>1,126</u></u>

Financial Analysis of the Government's Funds

As noted earlier, Sanpete County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Sanpete County's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing Sanpete County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Sanpete County's governmental funds reported combined ending fund balances of \$5,837, an increase of \$2,109 in comparison with the prior year. Approximately 81 percent of this amount, \$4,756, constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Sanpete County. At the end of the current year, unreserved fund balance of the general fund was \$4,478, while total fund balance reached \$4,478. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

General Fund Budgetary Highlights

During the year the actual revenues were less than budgeted revenues by \$750 and actual expenditures were less than budgeted expenditures by \$1,698.

Capital Asset and Debt Administration

Capital Assets

Sanpete County's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$12,034 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings and equipment.

Also, the County has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.

Sanpete County's Capital Assets (net of depreciation)

	<u>2006</u>	<u>2005</u>	<u>Difference</u>
Land	723	723	-
Valuable Papers	200	200	-
Buildings	49	42	7
Improvements Other Than Buildings	437	481	(44)
Equipment	535	571	(36)
Vehicles	355	294	61
Infrastructure	9,616	9,616	-
Construction in Progress	119	-	119
Total	<u>12,034</u>	<u>11,927</u>	<u>107</u>

Additional information on Sanpete County's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, Sanpete County had total bonded debt outstanding of \$490. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and Capital Lease Obligations.

Sanpete County's Long-Term Debt (net of depreciation)

	<u>2006</u>	<u>2005</u>	<u>Difference</u>
Capital Leases	162	228	(66)
MBA Lease Revenue Bonds	490	527	(37)
Bond Anticipation Note	1,200	-	1,200
Total	<u>1,852</u>	<u>755</u>	<u>1,097</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the County. Sanpete County has no general obligation debt outstanding. General Obligation Bonds are debts that are secured by taxing real and personal property for the payments. Revenue bonds are debts secured by a determined and allocated revenue source outside of property taxes. Additional information on Sanpete County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- * The unemployment rate for Sanpete County is 5.0 percent. This is slightly higher than the State's average average unemployment rate of 4.8 percent and lower than the national average rate of 5.4 percent which is consistent with prior years because of our rural nature.

These factors were considered in preparing Sanpete County's budget for the 2006 year.

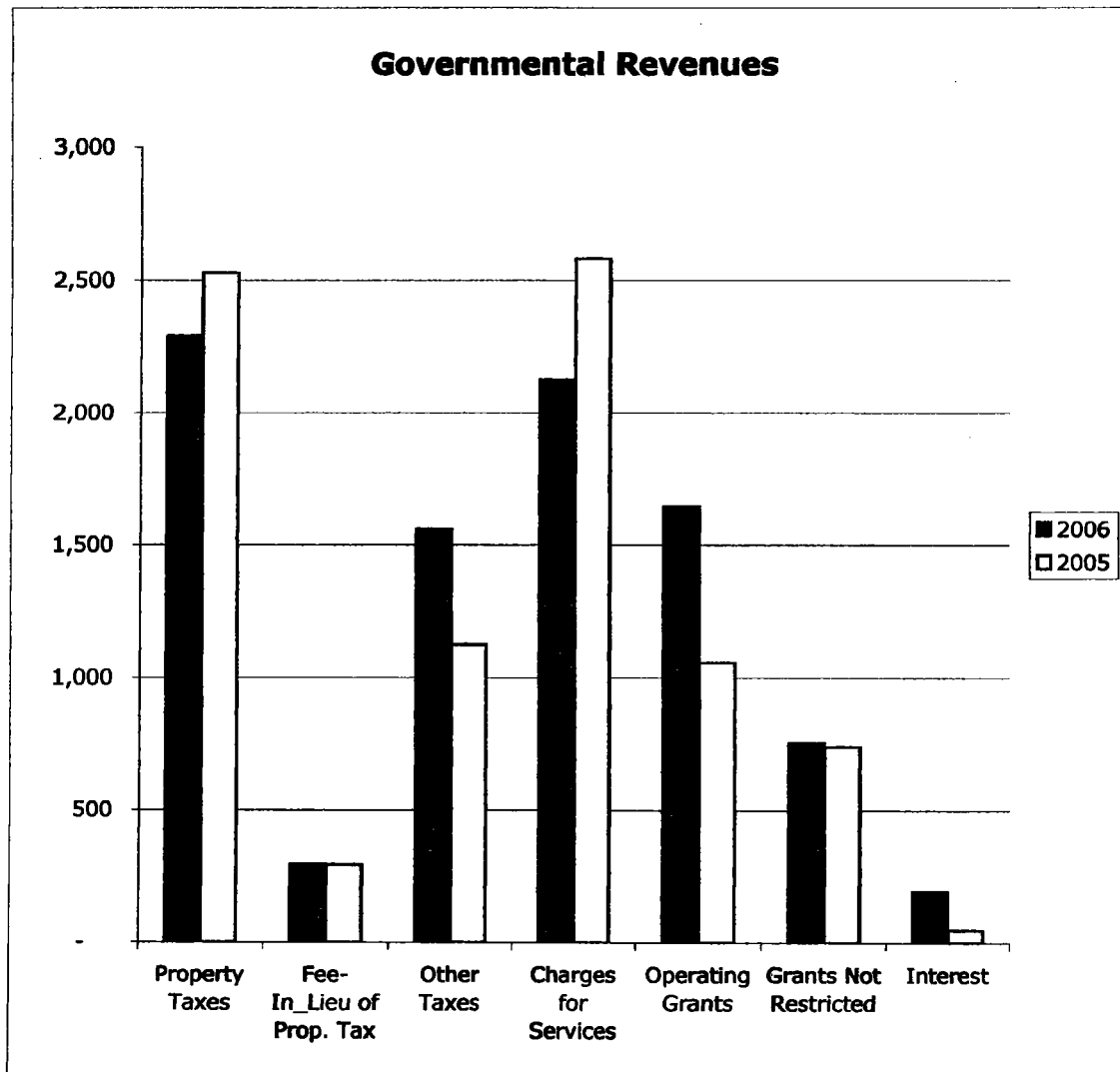
Other revenue sources have remained stable.

Request for Information

This financial report is designed to provide a general overview of Sanpete County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sanpete County Clerk/Auditor, 160 North Main, Manti, Utah, 84642.

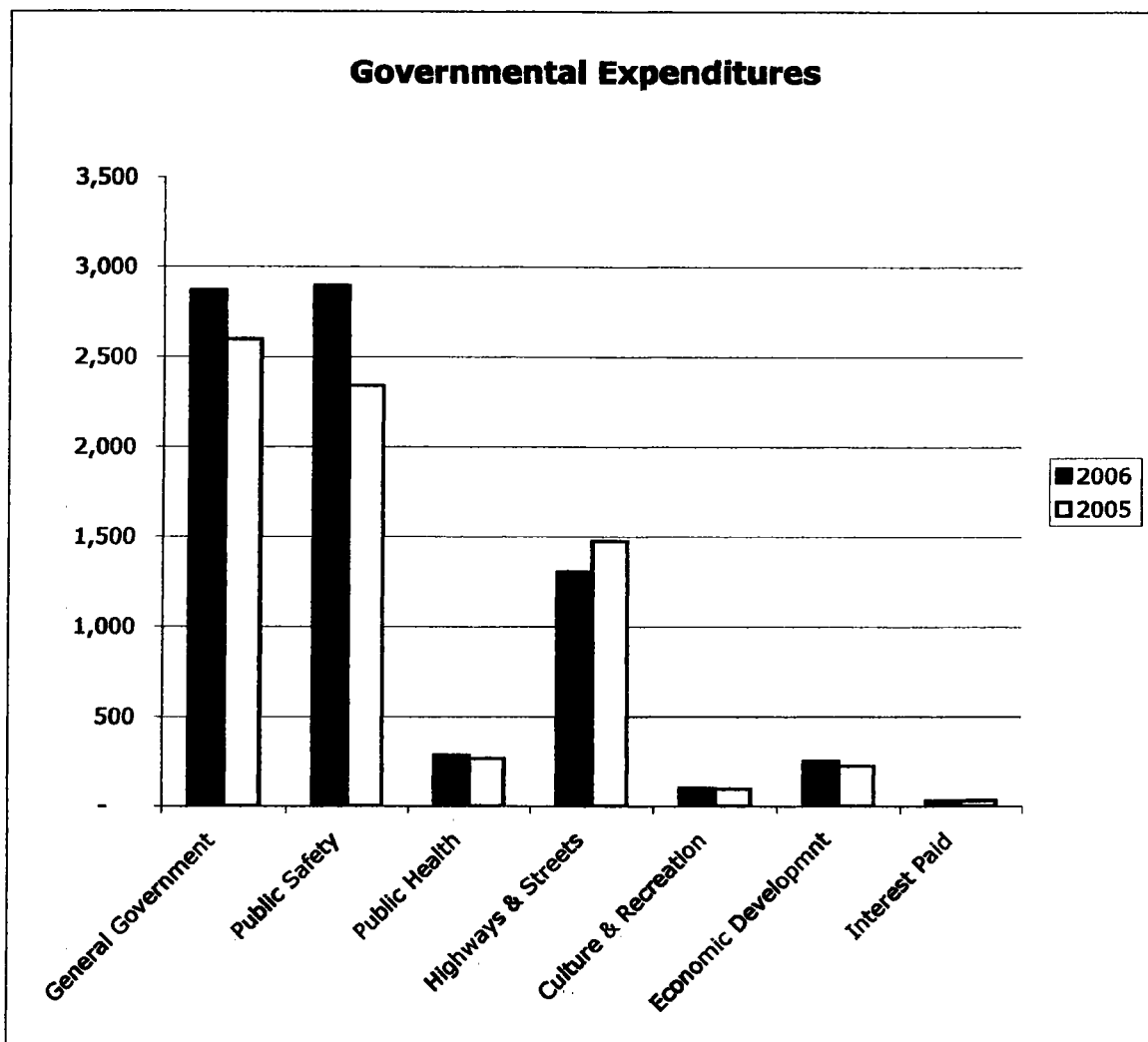
SANPETE COUNTY
Governmental Revenues
For The Years Ending December 31, 2006 and 2005

	2006	2005
Property Taxes	2,291	2,528
Fee-In_Lieu of Prop. Tax	294	293
Other Taxes	1,559	1,126
Charges for Services	2,125	2,581
Operating Grants	1,646	1,057
Grants Not Restricted	756	741
Interest	194	50
Gain on sale of asset	3	
Total Revenues	8,868	8,376



SANPETE COUNTY
Governmental Expenditures
For The Years Ending December 31, 2006 and 2005

	2006	2005
General Government	2,870	2,600
Public Safety	2,897	2,341
Public Health	285	267
Highways & Streets	1,303	1,475
Culture & Recreation	104	99
Economic Developmnt	253	227
Interest Paid	30	32
Total Expenditures	7,742	7,041



(This page contains no information and
is used to assist in formatting for easier reading)

BASIC FINANCIAL STATEMENTS

SANPETE COUNTY
STATEMENT OF NET ASSETS
December 31, 2006

	Primary Government Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	5,685,461	5,615,314
Investments	-	6,723,253
Accounts Receivable (Net)	-	1,935,583
Due From Other Government Units	599,535	227,544
Inventories	-	569,461
Prepaid Expenses	-	10,000
Other Current Assets	-	157,057
Total Current Assets	<u>6,284,996</u>	<u>15,238,212</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	-	3,034
Restricted Investments	-	170,320
Capital Assets (Net of Accumulated Depreciation):		
Land	723,294	394,790
Buildings	49,408	6,721,195
Improvements Other Than Buildings	436,804	170,369
Equipment	535,227	5,472,486
Vehicles	354,344	-
Valuable Papers	200,000	-
Construction in Progress	119,047	67,031
Infrastructure	9,616,250	
Accumulated Depreciation	-	(5,155,655)
Total Noncurrent Assets	<u>12,034,374</u>	<u>7,843,570</u>
TOTAL ASSETS	<u><u>18,319,370</u></u>	<u><u>23,081,782</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	257,313	306,189
Accrued Liabilities	191,108	593,575
Bond Interest Payable	1,200	53,932
Loan Payable - Due Within One Year	1,200,000	-
Capital Lease Obligations - Due Within One Year	47,901	-
Revenue Bonds Payable - Due Within One Year	39,000	207,023
Total Current Liabilities	<u>1,736,522</u>	<u>1,160,719</u>
Noncurrent Liabilities:		
Capital Lease Obligations - More Than One Year	113,942	-
Revenue Bonds Payable - More Than One Year	451,000	2,004,336
Compensated Absences	75,900	-
Total Noncurrent Liabilities	<u>640,842</u>	<u>2,004,336</u>
TOTAL LIABILITIES	<u><u>2,377,364</u></u>	<u><u>3,165,055</u></u>
NET ASSETS		
Investment in Capital Assets, Net of Debt	11,383,532	5,458,857
Restricted For:		
Construction Project	1,080,953	-
Endowment	-	3,034
Debt service	-	170,320
Road Projects	-	350,000
Unrestricted	<u>3,477,521</u>	<u>13,934,516</u>
TOTAL NET ASSETS	<u><u>15,942,006</u></u>	<u><u>19,916,727</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>18,319,370</u></u>	<u><u>23,081,782</u></u>

The notes to the financial statements are an integral part of this statement.

SANPETE COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

Function/Programs	Net (Expense) Revenues Changes in Net Assets			
	Primary Government			Component Units
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Governmental Activities:				
General Government	3,076,240	1,736,966	243,904	-
Public Safety	2,897,106	325,884	482,006	-
Public Health	285,235	-	16,150	-
Highways and Public Improvements	1,302,626	61,914	906,438	-
Culture and Recreation	103,702	-	51,062	-
Economic Development	252,699	-	152,901	-
Interest on Long-Term Debt	30,053	-	-	-
Total Primary Government	7,947,661	2,124,764	1,852,461	-
Component Units:				
Governmental Type:				
Road District	917,308	-	804,469	-
Fire District	75,023	201,685	10,715	-
Hospital District	12,040,012	13,669,255	-	-
Total Component Units	13,032,343	13,870,940	815,184	-
General Revenues:				
Property Taxes				2,585,083
Fee-In-Lieu of Property Taxes				294,020
Sales Taxes				1,149,710
Transient Room Tax				36,986
Restaurant Tax				77,816
Grants and Contributions Not Restricted to Specific Programs				756,063
Gain on Sale of Autos				2,518
Unrestricted Investment Earnings				193,942
Total General Revenues and Transfers				5,096,138
Change in Net Assets				
Net Assets - Beginning				1,125,702
Net Assets - Ending				14,816,304
				15,942,006
				19,916,727

The notes to the financial statements are an integral part of this statement.

**SANPETE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2006

	<u>General Fund</u>	<u>Class B Roads Fund</u>	<u>Municipal Building Authority Fund</u>	<u>Capital Projects Fund</u>	<u>E-911 Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	4,414,003	-	1,080,953	61,731	128,774	5,685,461
Due From Other Government Units	320,947	191,022	-	87,566	-	599,535
Due From Other Funds	191,022	-	-	-	-	191,022
TOTAL ASSETS	<u>4,925,972</u>	<u>191,022</u>	<u>1,080,953</u>	<u>149,297</u>	<u>128,774</u>	<u>6,476,018</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	257,313	-	-	-	-	257,313
Accrued Liabilities	191,108	-	-	-	-	191,108
Due To Other Funds	-	191,022	-	-	-	191,022
Total Liabilities	<u>448,421</u>	<u>191,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>639,443</u>
Fund Balances:						
Unreserved, Reported In:						
General Fund	4,477,551	-	1,080,953	-	-	5,558,504
Special Revenue Funds	-	-	-	-	128,774	128,774
Capital Projects Funds	-	-	-	149,297	-	149,297
Total Fund Balance	<u>4,477,551</u>	<u>-</u>	<u>1,080,953</u>	<u>149,297</u>	<u>128,774</u>	<u>5,836,575</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>4,925,972</u>	<u>191,022</u>	<u>1,080,953</u>	<u>149,297</u>	<u>128,774</u>	<u>6,476,018</u>

The notes to the financial statements are an integral part of this statement.

SANPETE COUNTY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

December 31, 2006

Total Fund Balances - Governmental Fund Types	5,836,575
---	-----------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	723,294	
Valuable Papers	200,000	
Buildings	49,408	
Improvements	436,804	
Equipment	535,227	
Vehicles	354,344	
Construction in Progress	119,047	
Infrastructure	<u>9,616,250</u>	

Total		12,034,374
-------	--	------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue Bonds	(490,000)	
Capital Lease Obligations	(161,843)	
Loan Payable	(1,200,000)	
Accrued Interest	(1,200)	
Compensated Absences	<u>(75,900)</u>	

Total		<u>(1,928,943)</u>
-------	--	--------------------

Net Assets of Government Activities	<u><u>15,942,006</u></u>
-------------------------------------	--------------------------

SANPETE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2006

	General Fund	Class B Roads Fund	E-911 Fund	Municipal Building Authority Fund	Capital Projects Fund	Total Governmental Funds
Revenues:						
Property Tax	1,856,621	-	-	-	-	1,856,621
Assessing and Collecting Taxes	728,462	-	-	-	-	728,462
Fee-In-Lieu of Property Tax	294,020	-	-	-	-	294,020
Sales Tax	1,149,710	-	-	-	-	1,149,710
Transient Room Tax	36,986	-	-	-	-	36,986
Restaurant Tax	77,816	-	-	-	-	77,816
Licenses and Permits	493,178	-	-	-	-	493,178
Intergovernmental	1,240,556	885,702	-	-	206,000	2,332,258
Charges for Services	1,021,703	-	119,681	-	-	1,141,384
Fines and Forfeitures	257,976	-	-	-	-	257,976
Interest	193,942	-	-	-	-	193,942
Miscellaneous	183,573	-	-	67,153	-	250,726
Total Revenues	7,534,543	885,702	119,681	67,153	206,000	8,813,079
Expenditures:						
Current:						
General Government	2,833,457	-	-	-	206,000	3,039,457
Public Safety	2,502,486	-	88,248	-	227,669	2,818,403
Public Health	285,235	-	-	-	-	285,235
Highways and Public Improv.	324,681	885,702	-	-	-	1,210,383
Culture and Recreation	103,702	-	-	-	-	103,702
Economic Development	251,839	-	-	-	-	251,839
Capital Outlay	219,274	-	-	119,047	-	338,321
Debt Service:						
Principal	65,681	-	-	37,000	-	102,681
Interest	-	-	-	30,153	-	30,153
Total Expenditures	6,586,355	885,702	88,248	186,200	433,669	8,180,174
Excess Revenue Over (Under) Expenditures	<u>948,188</u>	<u>-</u>	<u>31,433</u>	<u>(119,047)</u>	<u>(227,669)</u>	<u>632,905</u>
Other Financing Sources (Uses):						
Loan Proceeds	-	-	-	1,200,000	-	1,200,000
Grant Proceeds	-	-	49,300	-	226,966	276,266
Total Other Financing	<u>-</u>	<u>-</u>	<u>49,300</u>	<u>1,200,000</u>	<u>226,966</u>	<u>1,476,266</u>
Net Change In Fund Balance	948,188	-	80,733	1,080,953	(703)	2,109,171
Fund Balance - Beginning	<u>3,529,363</u>	<u>-</u>	<u>48,041</u>	<u>-</u>	<u>150,000</u>	<u>3,727,404</u>
Fund Balance - Ending	<u>4,477,551</u>	<u>-</u>	<u>128,774</u>	<u>1,080,953</u>	<u>149,297</u>	<u>5,836,575</u>

The notes to the financial statements are an integral part of this statement.

SANPETE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	2,109,171
---	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	338,321	
Depreciation Expense	<u>(215,231)</u>	
Total		123,090

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Payment on Long-Term Debt	102,681	
Proceeds from Loan	<u>(1,200,000)</u>	
Total		(1,097,319)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences	6,642	
Sale of Fixed Assets (Net of Depreciation)	(15,982)	
Reduction of Bond Interest Payable	<u>100</u>	
Total		<u>(9,240)</u>

Changes In Net Assets of Governmental Activities	<u><u>1,125,702</u></u>
--	-------------------------

**SANPETE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND**

December 31, 2006

ASSETS:

Cash and Investments	<u>2,928,347</u>
----------------------	------------------

LIABILITIES:

Collections Payable	<u>2,928,347</u>
---------------------	------------------

FIDUCIARY NET ASSETS:

Net Assets	<u>-</u>
------------	----------

TOTAL LIABILITIES AND FIDUCIARY NET ASSETS	<u>2,928,347</u>
--	------------------

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Sanpete County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying financial statements present the financial position of various fund types and the results of operations of the various fund types. The financial statements are presented for the year ended December 31, 2006.

A. Reporting Entity:

For financial reporting purposes, Sanpete County has included all funds. The County has also considered all potential component units for which it is financially accountable and that the exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Sanpete County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, that issued separate financial statements, can be obtained from the Sanpete County Auditor's office.

Discrete Component Units:

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the District. Each of these districts was organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component units column of the combined financial statements include the financial data of the following entities:

- * Sanpete County Special Service District #1 (Governmental Fund Type) - This District was created by the adoption of a resolution to establish a special service district by the Sanpete County Commissioners on December 27, 1988, for the purpose of improving the county road system in Sanpete County. The Special Service District's Administrative Control Board consists of five (5) members, each of whom was appointed by the Board of Commissioners. The Board of Commissioners appointed the initial two members to serve two year terms and the remaining three members to serve four year terms. The Board members, at their initial

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

meeting, elected a chairperson and a secretary to serve such terms as the board shall determine. The District was audited by us, and the report was dated April 24, 2007, and has been previously issued under separate cover. A copy of the report can be obtained at the Sanpete County Auditor's office in Manti, Utah.

- * **Sanpete County Fire Special Service District (Governmental Fund Type)** - The District was created March 3, 1992, by the adoption of a resolution to establish a special service district by the Sanpete County Commissioners for the purpose of acquiring and obtaining fire fighting materials and equipment for the protection of life and property against fire and the elimination of fire hazards. The District's administrative Control Board consists of thirteen (13) members, twelve (12) of which represent the Towns or Cities which belong to the District and one (1) member of the County Commission. The length of terms are decided by the Towns and Cities involved in the District. The District was audited by us, and the report was dated April 24, 2007, and has been previously issued under separate cover. A copy of the report can be obtained at the office of the Sanpete County Auditor in Manti, Utah.

- * **Gunnison Valley Hospital Special Service District (Proprietary Fund Type)** - On October 5, 1994, the Hospital began operating as an independent Special Service District of Sanpete County, Utah, providing health care and associated medical services. Under the guidelines established by GASB 39, the District has been determined to be a component unit of Sanpete County for financial accounting purposes and is included as a discrete component unit in the County's financial statements. Formerly the Hospital operated under an Interlocal Cooperation Agreement entered into on July 1, 1967 between Gunnison City, Centerfield City, Fayette Town and Mayfield Town. All governing rights, powers and authorities as well as the responsibility for the Hospital's operations are vested in the Administrative Control Board. Potential board members are selected by a committee that is appointed by the Board. Final determination is by the current governing board. The audited financial statements included herein have a year end of June 30, 2006, instead of December 31, 2006. In the event of termination of the Hospital or liquidation of Hospital's assets, the Cities and Towns have the following undivided percentages interests in the net assets of the Hospital: Gunnison City, 62%; Centerfield city, 19%; Mayfield Town, 13%; and Fayette Town, 6%. The District was audited by other independent auditors, and their report dated July 27, 2006, has been previously issued under separate cover. A copy of the report can be obtained at the office of the Sanpete County Auditor in Manti, Utah.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Wayne County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The E-911 Fund receives monies to maintain and upgrade the E-911 system in the County.

The Municipal Building Authority Fund constructed a building for the Central Utah Mental Health Authority and then leases this building to the Central Utah Mental Health Authority in an amount sufficient to pay the debt service on the building.

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by other funds.

Additionally the Government reports the following Fiduciary fund types:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as of December 31 to the taxing entities within the County.

The District Court Trust Fund which collects fines and bail monies in the District Court and remits the monies to the appropriate agencies and parties to the court actions.

The Justice Court Trust Fund which collects fines and bail monies in the Justice Court and remits the monies to the appropriate agencies and parties to the court actions.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	40 Years
Equipment and Vehicles	5 - 10 Years

Compensated Absences:

The County has a policy which allows employees to accumulate vacation pay and sick pay. The County allows 80 hours of vacation pay to be carried over from year to year.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the County Auditor and County Commissioners on or before December 15 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commissioners at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. The maximum in the General Fund may not exceed 50% of the General Fund's total revenue.

Once adopted, the budget may be amended by the County Commissioners without a public hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Commissioners, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

G. Property Taxes:

Property taxes are assessed and collected by Sanpete County and remitted to the taxing units shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable November 1, and are delinquent after November 30. All dates are in the year of levy.

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds, except the Deferred Compensation Trust Fund. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents". The investments of the deferred compensation plan are held separately from those of the other County funds.

Deposits:

At December 31, 2006, the carrying amount of Sanpete County's deposits for the primary government was \$131,838 and the bank balances were \$137,626. Of the bank balances \$100,000 was covered by federal depository insurance. At December 31, 2006, the carrying amount of the component units deposits was \$1,659,680 and the bank balances were \$1,703,796. Of the bank balances \$190,084 were covered by federal depository insurance. The remaining deposits for the primary government were uninsured and uncollateralized and were held by various financial institutions. The State of Utah does not require collateral on deposits. However, the State Commissioner of Financial Institutions monitors financial institutions monthly and establishes limits for deposit of public money at individual financial institutions.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	131,839
Investments - PTIF	144,703
Repurchase Agreements	<u>5,408,919</u>
Total Cash and Investments	<u><u>5,685,461</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	4,604,508
Governmental Activities - Restricted	<u>1,080,953</u>
Total Cash and Cash Equivalents	<u><u>5,685,461</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that County funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2006, \$37,626 of the local government's bank balances of \$137,626 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the UMMA.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended December 31, 2006, the local governments has investments of \$144,703 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

Component Units:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	1,659,672
Investments	6,893,573
Investments - PTIF	<u>3,958,676</u>
Total Cash and Investments	<u><u>12,511,921</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	12,338,567
Governmental Activities - Restricted	<u>173,354</u>
Total Cash and Investments	<u><u>12,511,921</u></u>

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

These amounts include revenue received after year end for services provided during 2006.

Class B Road Allotment	191,022
Forest Reserve Funds	26,823
State Assessing and Collecting	<u>294,124</u>
Total	<u><u>320,947</u></u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2006, was as follows:

Capital Assets (Primary Government):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	30,000	-	-	30,000
Land Under Roads	693,294	-	-	693,294
Valuable Papers	200,000	-	-	200,000
Infrastructure	9,616,250	-	-	9,616,250
Construction In Progress	-	119,047	-	119,047
Total Capital Assets Not Being Depreciated	<u>10,539,544</u>	<u>119,047</u>	<u>-</u>	<u>10,658,591</u>
Capital Assets Being Depreciated:				
Buildings	78,313	11,145	-	89,458
Improvements	1,316,251	-	-	1,316,251
Equipment	941,170	47,937	-	989,107
Vehicles	463,245	160,192	19,977	603,460
Total Capital Assets Being Depreciated	<u>2,798,979</u>	<u>219,274</u>	<u>19,977</u>	<u>2,998,276</u>
Less Accumulated Depreciation For:				
Buildings	36,601	3,449	-	40,050
Improvements	835,572	43,875	-	879,447
Equipment	369,725	84,155	-	453,880
Vehicles	169,359	83,752	3,995	249,116
Total Accumulated Depreciation	<u>1,411,257</u>	<u>215,231</u>	<u>3,995</u>	<u>1,622,493</u>
Total Capital Assets Being Depreciated (Net)	<u>1,387,722</u>	<u>4,043</u>	<u>15,982</u>	<u>1,375,783</u>
Governmental Activities Capital Assets, Net	<u>11,927,266</u>	<u>123,090</u>	<u>15,982</u>	<u>12,034,374</u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>
General Government	43,425
Public Safety	78,703
Highways and Public Improvements	92,243
Economic Development	<u>860</u>
Total Depreciation Expense	<u><u>215,231</u></u>

Component Units:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	394,790	-	-	394,790
Construction In Progress	<u>13,655</u>	<u>67,031</u>	<u>13,655</u>	<u>67,031</u>
Total Capital Assets not Being Depreciated	<u>408,445</u>	<u>67,031</u>	<u>13,655</u>	<u>461,821</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	6,756,463	19,789	55,057	6,721,195
Leasehold Improvements.	170,369	-	-	170,369
Major Movable Equipment	<u>5,328,306</u>	<u>318,691</u>	<u>174,511</u>	<u>5,472,486</u>
Total Capital Assets Being Depreciated	12,255,138	338,480	229,568	12,364,050
Less Accumulated Depreciation	<u>(4,460,383)</u>	<u>-</u>	<u>-</u>	<u>(5,155,655)</u>
Total Capital Assets Being Depreciated (Net)	<u>7,794,755</u>	<u>338,480</u>	<u>229,568</u>	<u>7,208,395</u>
Governmental Activities Capital Assets, Net	<u><u>8,203,200</u></u>	<u><u>405,511</u></u>	<u><u>243,223</u></u>	<u><u>7,670,216</u></u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT
Primary Government:

MBA Lease Revenue Bonds:

During 1997 the Central Utah Mental Health entered into a lease purchase agreement with the Municipal Building Authority of Sanpete County for the purpose of constructing a mental health facility in Ephraim, Utah. The Sanpete County Municipal Building Authority issued bonds in the amount of \$750,000 to finance the construction of the building. Central Utah Mental Health then pays a lease payment in the same amount as the bond payment to Zions Bank who purchased the bonds. The lease agreement calls for interest only payments in June and principal and interest payments in December.

The following is a summary of lease revenue bond payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	39,000	27,990	66,990
2008	35,000	25,708	60,708
2009	37,000	23,712	60,712
2010	39,000	21,603	60,603
2011	41,000	19,380	60,380
2012-2016	242,000	59,164	301,164
2017-2021	57,000	3,249	60,249
	<u>490,000</u>	<u>180,806</u>	<u>670,806</u>

Bond Anticipation Note Payable:

On October 17, 2006, Sanpete County borrowed \$1,200,000 on a bond anticipation note. The note matures in April of 2007 when it is anticipated that the issuance of a \$6,000,000 General Obligation Bond will repay the Bond Anticipation Note Payable.

The following is a schedule of changes in long-term debt:

	<u>Balance December 31, 2005</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2006</u>
MBA Lease Revenue Bond	527,000	-	37,000	490,000
Bond Anticipation Note	-	1,200,000	-	1,200,000
Capital Leases:				
Xerox - Copy Machine	12,737	-	5,423	7,314
Wheeler - Grader	214,787	-	60,258	154,529
Total Leases	227,524	-	65,681	161,843
Total Long-Term Debt	<u>527,000</u>	<u>1,200,000</u>	<u>102,681</u>	<u>1,851,843</u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Component Unit:

Series 1995 General Obligation Bonds:

Gunnison Valley Hospital issued Series 1995 General Obligation Hospital Bonds in the amount of \$1,350,000 at 2.5% interest for the purpose of constructing an addition to the hospital. Principal and interest payments are due August 1 of each year beginning in 1995 through 2014.

Series 2002 Hospital Revenue Bonds:

Gunnison Valley Hospital issued Series 2002 Hospital Revenue Bonds in the amount of \$2,000,000 at 2.5% interest for the purpose of constructing an addition to the hospital or building a physician's clinic. Principal and interest payments are due July 1 of each year beginning in 2003 2017. If annual principal payments are not paid timely, both issues will be subject to an 18% interest rate.

Dr. Lamar Stewart Note Payable:

Gunnison Valley Hospital purchased a medical clinic building and associated land from Dr. Stewart in the amount of \$80,181 at 2.5% interest. An initial payment of \$19,620 was made in 2005 leaving a remaining balance of \$60,561. Principal and interest payments are due July 1 of each year beginning in 2006 through 2009.

Gunnison Valley Hospital's long-term liabilities for the year ended June 30, 2006 are as follows:

	Balance December 31, 2005	Issued	Retired	Balance December 31, 2006
Bonds:				
CIB 1995	757,000	-	68,000	689,000
CIB 2002	1,578,798	-	117,000	1,461,798
Note Payable:				
Dr. Lamar Stewart	60,561	-	-	60,561
Total Long-Term Debt	<u>2,396,359</u>	<u>-</u>	<u>185,000</u>	<u>2,211,359</u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of total long-term debt to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	207,023	55,367	262,390
2008	212,514	50,151	262,665
2009	223,024	44,811	267,835
2010	204,000	39,220	243,220
2011	210,000	34,120	244,120
2012-2016	<u>1,154,798</u>	<u>92,295</u>	<u>1,247,093</u>
	<u><u>2,211,359</u></u>	<u><u>315,964</u></u>	<u><u>2,527,323</u></u>

Operating Lease Commitments:

Gunnison Valley Hospital has four lease agreements: The Jackson Family Practice, a conference room, a specialist medical clinic and the Monroe Clinic. Each lease has a monthly payment required of \$3,000, \$400, \$1,150 and \$375 respectively with lease ending dates of December 2009, September 2007, September 2007 and June 2011 respectively.

The following is a schedule by year of future minimum lease payments required under operating lease agreements. All have initial or remaining terms in excess of one year as of June 30, 2006:

<u>Year Ended June 30</u>	<u>Lease Payments</u>
2007	54,450
2008	40,500
2009	40,500
2010	22,500
2011	<u>4,500</u>
Total	<u><u>162,450</u></u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - CLASS B ROADS

Following is a schedule of revenues, expenditures and changes in fund balance for Class B Roads:

Fund Balance - Beginning of Year	-
Revenues:	
Class "B" Road Allotments	885,702
Expenditures	<u>(885,702)</u>
Fund Balance - End of Year	<u>-</u>

NOTE 7 - PENSION PLAN

Local Governmental - Cost Sharing:

Plan Description:

Sanpete County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Sanpete County is required to contribute a percent of covered salary to the respective systems, 11.59% to the Noncontributory and 22.38% to the Public Safety Noncontributory Systems. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - PENSION PLAN (CONTINUED)

Sanpete County's contributions to the various systems for the years ending December 31, 2006, 2005 and 2004 respectively were; for the Contributory System, \$0.00, \$0.00 and \$63.88; for the Noncontributory System, \$161,836.24, \$157,256.90 and \$139,298.65; and for the Public Safety Noncontributory, \$127,437.14, \$120,997.54 and \$101,483.87 respectively. The contributions were equal to the required contributions for each year.

NOTE 8 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations, and crime.

The Mutual is reinsured through commercial companies to provide the following coverage:

<u>Comprehensive General Liability</u>	<u>Limit</u>	
General Liability	2,250,000	Per Occurrence
	3,000,000	Aggregate Per Member
Law Enforcement Liability	2,250,000	Per Occurrence
	3,000,000	Aggregate Per Member
Employee Benefits Liability	2,250,000	Per Occurrence
	3,000,000	Aggregate Per Member
Automobile Liability	2,250,000	Per Occurrence
Automobile Medical Payment	5,000	Per Person
Uninsured Motorists	Per Statute	Per Occurrence
Underinsured Motorist	Per Statute	Per Occurrence
Personal Injury Protection	Per Statute	Per Occurrence
Public Officials' Liability	2,000,000	Per Occurrence
	2,000,000	Aggregate Per Member

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 8 - RISK MANAGEMENT (CONTINUED)

Officials' Bonds

Commissioners	10,000	Each
Sheriff, Deputy Sheriff, Sheriff Sec., Jailer	10,000	Each
Other Elected Officials and Employees	10,000	Each
County Treasurer	500,000	

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 9 - INDIVIDUAL COMPONENT UNIT DISCLOSURES

Sanpete County has three component units that are described below:

Governmental Fund Types:

Sanpete County Special Service District #1

The District's purpose is the improving of the County road system in Sanpete County.

Sanpete County Fire Special Service District:

The District was created for the purpose of the construction of improvements for fire control, public health, convenience and the necessity of providing fire protection to the residents of Sanpete County.

Proprietary Fund Type:

Gunnison Valley Hospital Special Service District:

The District provides health care facilities which consists of a hospital, ambulatory care facility, and ambulance service.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)

Condensed financial statements for each of the two discretely presented governmental component units for the year ended December 31, 2006, are as follows:

	Sanpete County Special Service District #1	Sanpete County Fire Special Service District	Total
Condensed Statement of Net Assets:			
Current Assets	<u>512,533</u>	<u>292,252</u>	<u>804,785</u>
Fund Equity	<u>512,533</u>	<u>292,252</u>	<u>804,785</u>
Condensed Statement of Activities:			
Revenues	836,288	222,099	1,058,387
Current Expenditures	(8,811)	(24,025)	(32,836)
Capital Outlay	<u>(908,497)</u>	<u>(50,998)</u>	<u>(959,495)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(81,020)	147,076	66,056
Fund Balance - Beginning of Year	<u>532,665</u>	<u>145,176</u>	<u>677,841</u>
Fund Balance - End of Year	<u>451,645</u>	<u>292,252</u>	<u>743,897</u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)

Condensed financial statements for the discretely presented proprietary component unit for the year ended June 30, 2006, is as follows:

	Gunnison Valley Hospital Special Service District
Condensed Statement of Net Assets:	
Current Assets	22,276,997
Liabilities	<u>(3,104,167)</u>
Net Assets	<u><u>19,172,830</u></u>
Condensed Statement of Activities:	
Revenues	14,043,741
Current Expenditures	<u>(12,040,012)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,003,729
Fund Balance - Beginning of Year	<u>17,169,101</u>
Fund Balance - End of Year	<u><u>19,172,830</u></u>

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**SANPETE COUNTY
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

For The Year Ended December 31, 2006

Percentage of Lane-Miles in Good or Better Condition:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Paved	92	96	95
Gravel	63	66	65
Dirt (Native)	51	50	50
Bridges	77	78	76
Overall System	70	73	72

Percentage of Lane-Miles in Substandard Condition:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Paved	6	4	5
Gravel	5	4	6
Dirt (Native)	5	5	5
Bridges	3	3	5
Overall System	5	4	6

Comparison of Needed-to-Actual Maintenance/Preservation - Roads and Bridges:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Paved:			
Needed	425,000	400,000	384,000
Actual	415,000	350,000	400,000
Gravel:			
Needed	400,000	300,000	528,000
Actual	380,000	275,000	550,000
Dirt (Native):			
Needed	90,000	150,000	48,000
Actual	90,000	125,000	82,000
Overall System:			
Needed	915,000	850,000	960,000
Actual	885,000	750,000	982,000
Difference	<u>(30,000)</u>	<u>(100,000)</u>	<u>22,000</u>

The condition of road pavement is measured using the American... (AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 80 percent of its road system at a good or better condition level. No more than 20 percent should be in substandard condition for paved and gravel roads. Condition assessments are determined every year.

This schedule only presents the information for 2004, 2005 and 2006. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for 5 years. However, the County implemented these new standards in 2004, and did not collect this information for the prior years. The County will continue to collect and retain this information so that over a period of five years it will be able to report the required information.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

SANPETE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended December 31, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the County's General Fund, Class B Road Fund, E-911 Fund and Municipal Building Authority Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the County Commission prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Commission through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	1,813,000	1,813,000	2,150,641	337,641
Assessing and Collecting Taxes	574,372	574,372	728,462	154,090
Sales Taxes	994,476	994,476	1,149,710	155,234
Transient Room Tax	38,724	38,724	36,986	(1,738)
Restaurant Tax	79,065	79,065	77,816	(1,249)
Indigent Prison Fund	81,940	81,940	-	(81,940)
Library Fund	64,000	64,000	-	(64,000)
Licenses and Permits	375,700	375,700	493,178	117,478
Intergovernmental Revenue	1,130,955	1,130,955	1,240,556	109,601
Charges for Services	2,664,844	2,664,844	1,021,703	(1,643,141)
Fines and Forfeitures	276,000	276,000	257,976	(18,024)
Interest	38,000	38,000	193,942	155,942
Miscellaneous Revenue	153,500	153,500	183,573	30,073
Total Revenues	8,284,576	8,284,576	7,534,543	(750,033)
Expenditures:				
General Government:				
Commission	220,387	147,162	147,162	-
District Court	173,617	173,617	172,469	1,148
J. P. Court	96,642	96,642	94,749	1,893
Juvenile SSBG	5,468	5,468	5,468	-
Sanity Hearing	6,000	6,000	4,228	1,772
Public Defender	70,000	70,050	70,050	-
Data Processing	104,382	90,460	90,460	-
Microfilm and Copy Machine	36,260	36,260	35,152	1,108
DMV	53,587	53,587	51,319	2,268
Auditor	142,679	136,079	133,094	2,985
Clerk	193,588	167,188	167,186	2
Treasurer	100,674	92,619	88,084	4,535
Recorder	234,950	235,858	235,858	-
Attorney	262,609	267,836	267,836	-
Assessor	330,098	330,098	316,179	13,919
Correction Legal Help	81,940	71,940	71,068	872
Non-Departmental	363,509	297,509	296,449	1,060
General Government Buildings	142,166	142,166	139,406	2,760
Elections	122,900	125,871	125,871	-
Zoning/Grants, Etc.	2,015,695	2,015,695	376,010	1,639,685
Total General Government	4,757,151	4,562,105	2,888,098	1,674,007

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Public Safety:				
Sheriff	1,077,345	1,099,304	1,099,304	-
Communication	250,950	253,876	253,876	-
Liquor and Drug Enforcement	95,011	103,357	103,357	-
County Jail	547,200	547,200	537,457	9,743
Building Inspection	240,965	237,962	237,790	172
Bee Inspection and EMS Grants	1,000	1,000	1,000	-
Emergency Services	160,144	358,060	358,060	-
Total Public Safety	<u>2,372,615</u>	<u>2,600,759</u>	<u>2,590,844</u>	<u>9,915</u>
Public Health:				
Health Services	<u>278,179</u>	<u>285,827</u>	<u>285,235</u>	<u>592</u>
County Roads:				
County Roads	398,276	329,239	328,325	914
County Weeds	<u>120,219</u>	<u>138,312</u>	<u>138,312</u>	<u>-</u>
Total County Roads	<u>518,495</u>	<u>467,551</u>	<u>466,637</u>	<u>914</u>
Conservation and Economic Development:				
Library	100,078	103,792	103,702	90
Extension Services	82,466	77,466	77,447	19
County Fair and State Fair	25,000	25,000	23,766	1,234
Economic Development	99,292	99,293	87,843	11,450
Tourism	<u>51,300</u>	<u>62,783</u>	<u>62,783</u>	<u>-</u>
Total Conservation and Economic Development	<u>358,136</u>	<u>368,334</u>	<u>355,541</u>	<u>12,793</u>
Total Expenditures	<u>8,284,576</u>	<u>8,284,576</u>	<u>6,586,355</u>	<u>1,698,221</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	948,188	<u>948,188</u>
Fund Balance - Beginning			<u>3,529,363</u>	
Fund Balance - Ending			<u>4,477,551</u>	

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
CLASS B ROAD**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	<u>872,000</u>	<u>885,702</u>	<u>885,702</u>	<u>-</u>
Total Revenues	<u>872,000</u>	<u>885,702</u>	<u>885,702</u>	<u>-</u>
Expenditures:				
County Roads	<u>872,000</u>	<u>885,702</u>	<u>885,702</u>	<u>-</u>
Total Expenditures	<u>872,000</u>	<u>885,702</u>	<u>885,702</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning			<u>-</u>	
Fund Balance - Ending			<u>-</u>	

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
E-911 FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	-	-	49,300	49,300
Miscellaneous	56,000	56,000	119,682	63,682
Transfer From General Fund	25,333	25,333	-	(25,333)
Total Revenues	<u>81,333</u>	<u>81,333</u>	<u>168,982</u>	<u>87,649</u>
Expenditures:				
Telephone Expenses	<u>81,333</u>	<u>81,333</u>	<u>88,249</u>	<u>(6,916)</u>
Total Expenditures	<u>81,333</u>	<u>81,333</u>	<u>88,249</u>	<u>(6,916)</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>80,733</u>	<u>80,733</u>
Fund Balance - Beginning			<u>48,041</u>	
Fund Balance - Ending			<u>128,774</u>	

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING AUTHORITY**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	67,153	67,153	67,153	-
Loan Proceeds	-	-	1,200,000	1,200,000
Total Revenues	<u>67,153</u>	<u>67,153</u>	<u>1,267,153</u>	<u>1,200,000</u>
Expenditures:				
Capital Outlay	-	-	119,047	(119,047)
Bond Principal	37,000	37,000	37,000	-
Bond Interest	30,153	30,153	30,153	-
Total Expenditures	<u>67,153</u>	<u>67,153</u>	<u>186,200</u>	<u>(119,047)</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>1,080,953</u>	<u>1,080,953</u>
Fund Balance - Beginning			<u>-</u>	
Fund Balance - Ending			<u>1,080,953</u>	

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**

(This page contains no information and
is used to assist in formatting for easier reading)

SANPETE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUNDS

For The Year Ended December 31, 2006

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
PROPERTY TAX FUND				
ASSETS				
Cash	1,815,119	11,735,804	10,754,415	2,796,508
TOTAL ASSETS	1,815,119	11,735,804	10,754,415	2,796,508
LIABILITIES				
Due to Taxing Units	1,668,901	11,484,900	10,524,300	2,629,501
Collections Payable	146,218	250,904	230,115	167,007
TOTAL LIABILITIES	1,815,119	11,735,804	10,754,415	2,796,508
DISTRICT COURT TRUST FUND				
ASSETS				
Cash	96,757	118,694	100,357	115,094
LIABILITIES				
Collections Payable	96,757	118,694	100,357	115,094
JUSTICE COURT TRUST FUND				
ASSETS				
Cash	14,079	247,080	244,414	16,745
LIABILITIES				
Collections Payable	14,079	247,080	244,414	16,745
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	1,925,955	12,101,578	11,099,186	2,928,347
TOTAL ASSETS	1,925,955	12,101,578	11,099,186	2,928,347
LIABILITIES				
Due to Taxing Units	1,668,901	11,484,900	10,524,300	2,629,501
Collections Payable	257,054	616,678	574,886	298,846
TOTAL LIABILITIES	1,925,955	12,101,578	11,099,186	2,928,347

**SANPETE COUNTY
TREASURER'S TAX COLLECTION TRUST FUND
BALANCE SHEET**

December 31, 2006

ASSETS:

Cash In Investment Accounts	<u>3,524,492</u>
TOTAL ASSETS	<u><u>3,524,492</u></u>

LIABILITIES:

Collections Payable	167,007
Due to Taxing Units	<u>3,357,485</u>
TOTAL LIABILITIES	<u><u>3,524,492</u></u>

SANPETE COUNTY
COUNTY TREASURER
CURRENT YEAR TAXABLE VALUES
December 31, 2006

TAXING UNITS

County Funds:

General
Interest, Sinking Fund, Bond
State Assessing/Collecting
Local Assessing/Collecting

Total County Funds

School Districts:

North Sanpete School Dist.
South Sanpete School Dist.

Total School Districts

Cities and Towns:

54

Centerfield
Ephraim
Ephraim - Redevelopment
Fairview
Fayette
Fountain Green
Gunnison
Manti
Mayfield
Moroni
Mt. Pleasant
Mt. Pleasant - Redevelopment
Spring City
Sterling
Wales

Total Cities and Towns

Special Taxing Units:

Water Conservancy District
Central Utah Water District

Total Special Taxing Units

GRAND TOTALS

	Real Property Values	Centrally Assessed Values	Total Assessed RDA Values	Total Real and Centrally Assessed Values	Total Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
General	757,316,430	58,427,290	(4,737,058)	811,006,662	.002119	1,718,523	36,204,996	.002159	78,167	1,796,690
Interest, Sinking Fund, Bond	757,316,430	58,427,290	(4,737,058)	811,006,662	-	-	36,204,996	-	-	-
State Assessing/Collecting	757,316,430	58,427,290	(4,737,058)	811,006,662	.000139	112,730	36,204,996	.000173	6,263	118,993
Local Assessing/Collecting	757,316,430	58,427,290	(4,737,058)	811,006,662	.000300	243,302	36,204,996	.000300	10,861	254,163
Total County Funds						<u>2,074,555</u>			<u>95,292</u>	<u>2,169,847</u>
School Districts:										
North Sanpete School Dist.	415,948,793	27,739,532	(2,237,594)	441,450,731	.006207	2,740,085	19,395,832	.006548	127,004	2,867,089
South Sanpete School Dist.	341,367,637	30,687,758	(2,499,464)	369,555,931	.008104	2,994,881	16,809,194	.008104	136,222	3,131,103
Total School Districts						<u>5,734,966</u>			<u>263,226</u>	<u>5,998,192</u>
Cities and Towns:										
Centerfield	26,932,170	817,987	-	27,750,157	.000716	19,869	1,656,497	.000745	1,234	21,103
Ephraim	103,837,527	3,234,891	(2,499,464)	104,572,954	.002663	243,478	861,196	.002260	1,946	245,424
Ephraim - Redevelopment	-	-	2,499,464	2,499,464	-	35,000	-	-	-	35,000
Fairview	29,384,663	3,321,698	-	32,706,361	.001509	49,354	1,175,821	.001561	1,835	51,189
Fayette	6,198,202	106,600	-	6,304,802	.000790	4,981	766,432	.000783	600	5,581
Fountain Green	23,080,483	901,709	-	23,982,192	.001610	38,611	743,229	.001597	1,187	39,798
Gunnison	46,713,609	4,153,814	-	50,867,423	.001571	79,913	2,532,327	.001624	4,112	84,025
Manti	69,938,692	3,919,572	-	73,858,264	.001711	126,371	3,096,742	.001736	5,376	131,747
Mayfield	14,322,292	296,347	-	14,618,639	.000859	12,557	155,576	.000869	135	12,693
Moroni	27,892,068	1,526,069	-	29,418,137	.003352	98,610	1,884,087	.003304	6,225	104,835
Mt. Pleasant	68,293,976	2,912,151	(2,237,594)	68,968,533	.003192	191,876	4,171,768	.002614	10,905	202,781
Mt. Pleasant - Redevelopment	-	-	2,237,594	2,237,594	-	28,272	-	-	-	28,272
Spring City	24,057,992	370,939	-	24,428,931	.001826	44,607	376,707	.001815	684	45,291
Sterling	5,659,688	1,168,869	-	6,828,557	.001029	7,027	443,875	.001057	469	7,496
Wales	6,571,467	259,924	-	6,831,391	.000450	3,074	180,774	.000443	80	3,154
Total Cities and Towns						<u>983,600</u>			<u>34,790</u>	<u>1,018,390</u>
Special Taxing Units:										
Water Conservancy District	757,316,430	58,427,290	(4,737,058)	811,006,662	.000321	260,333	36,204,996	.000330	11,948	272,281
Central Utah Water District	757,316,430	58,427,290	(4,737,058)	811,006,662	.000357	289,529	36,204,996	.000400	14,482	304,011
Total Special Taxing Units						<u>549,863</u>			<u>26,430</u>	<u>576,292</u>
GRAND TOTALS						<u>9,342,984</u>			<u>419,736</u>	<u>9,762,720</u>

**SANPETE COUNTY
COUNTY TREASURER
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED
CURRENT AND PRIOR YEARS**

December 31, 2006

Current Years Taxes					
TAXING UNITS	Taxes Charged	Treasurer's Relief			Total
		Unpaid Taxes	Abatements	Other	
County Funds:					
General	1,796,690	129,001	21,694	1,104	151,799
Assessing & Collecting - State	118,993	8,462	1,423	328	10,213
Assessing & Collecting-County	254,163	18,263	3,071	111	21,445
Total County Funds	2,169,846	155,726	26,188	1,543	183,457
School Districts:					
North Sanpete School District	2,867,089	219,869	30,430	(11,088)	239,211
South Sanpete School District	3,131,103	206,291	43,238	19,422	268,951
Total School Districts	5,998,192	426,160	73,668	8,334	508,162
Towns:					
Centerfield	21,103	1,272	212	230	1,714
Ephraim	245,424	16,443	3,860	(17,883)	2,420
Ephraim - Redevelopment District	35,000	-	-	-	-
Fairview	51,189	1,834	516	1,703	4,053
Fayette	5,581	461	48	263	772
Fountain Green	39,798	2,292	699	481	3,472
Gunnison	84,025	6,635	1,448	60	8,143
Manti	131,747	8,863	3,035	684	12,582
Mayfield	12,693	971	244	73	1,288
Moroni	104,835	6,181	1,537	1,601	9,319
Mt. Pleasant	202,781	22,923	5,997	(3,195)	25,725
Mt. Pleasant - Redevelopment District	28,272	-	-	-	-
Spring City	45,291	2,055	650	374	3,079
Sterling	7,496	421	132	112	665
Wales	3,154	266	20	18	304
Total Towns	1,018,389	70,617	18,398	(15,479)	73,536
Other:					
Sanpete Water Conservancy District	272,281	19,542	3,286	191	23,019
Central Ut. Water Conservancy District	304,011	21,734	3,655	-	25,389
Total Other	576,292	41,276	6,941	191	48,408
GRAND TOTALS	9,762,719	693,779	125,195	(5,411)	813,563

Current Years Taxes		Other Collections				
Taxes Collected	Rate	Fee In Lieu	Misc. Collections	Delinquencies		Total Apportioned
				Tax	Interest/ Penalty	
1,644,891	91.55%	294,020	16,065	126,053	7,141	2,088,170
108,780	91.42%	23,560	1,054	1,052	725	135,171
232,718	91.56%	40,855	2,230	12,547	542	288,892
1,986,389	91.55%	358,435	19,349	139,652	8,408	2,512,233
2,627,878	91.66%	462,558	25,698	253,754	18,007	3,387,895
2,862,152	91.41%	531,157	26,038	197,550	9,256	3,626,153
5,490,030	91.53%	993,715	51,736	451,304	27,263	7,014,048
19,389	91.88%	6,299	186	1,311	65	27,250
243,004	99.01%	43,832	2,343	17,786	775	307,740
35,000	100.00%	-	-	-	-	35,000
47,136	92.08%	26,027	366	3,468	194	77,191
4,809	86.17%	1,856	46	300	3	7,014
36,326	91.28%	10,682	360	3,878	201	51,447
75,882	90.31%	17,708	773	8,505	378	103,246
119,165	90.45%	27,327	1,155	9,196	425	157,268
11,405	89.85%	3,678	114	326	13	15,536
95,516	91.11%	28,156	901	4,923	257	129,753
177,056	87.31%	54,683	1,648	18,843	922	253,152
28,272	100.00%	-	-	-	-	28,272
42,212	93.20%	13,391	421	3,784	186	59,994
6,831	91.13%	2,562	64	417	27	9,901
2,850	90.36%	1,076	29	271	15	4,241
944,853	92.78%	237,277	8,406	73,008	3,461	1,267,005
249,262	91.55%	44,941	2,434	21,522	1,377	319,536
278,622	91.65%	54,473	2,706	24,498	1,505	361,804
527,884	91.60%	99,414	5,140	46,020	2,882	681,340
8,949,156	91.67%	1,688,841	84,631	709,984	42,014	11,474,626

**SANPETE COUNTY
TAX COLLECTION TRUST FUND
CASH RECEIPTS AND DISBURSEMENTS**

For The Year Ended December 31, 2006

	Treasurer's Balance December 31, 2005	Tax Collection Receipts	Current Taxes Apportioned
Tax Collection Accounts:			
Current Years Taxes	-	8,949,156	(8,949,156)
Fee-In-Lieu	-	1,688,841	-
Redemption of Prior Years Taxes	-	762,272	-
Motor Carrier	-	84,631	-
Refunds	69,377	87,410	-
May Tax Sale	28,135	-	-
Bank Interest	48,706	42,432	-
Delinquent Penalties and Interest	-	67,416	-
Forest Reserve	-	53,646	-
	<hr/>	<hr/>	<hr/>
Total Collections	146,218	11,735,804	(8,949,156)
	<hr/>	<hr/>	<hr/>
Taxing Units			
County General Fund:			
General	-	-	1,644,891
Assessing & Collecting - State	-	-	108,780
Assessing & Collecting-County	-	-	232,718
Schools:			
North Sanpete School District	571,749	-	2,627,878
South Sanpete School District	711,206	-	2,862,152
Cities and Towns:			
Centerfield	5,974	-	19,389
Ephraim	52,817	-	243,004
Ephraim - Redevelopment District	25,000	-	35,000
Fairview	17,681	-	47,136
Fayette	903	-	4,809
Fountain Green	8,603	-	36,326
Gunnison	22,171	-	75,882
Manti	29,925	-	119,165
Mayfield	2,825	-	11,405
Moroni	23,563	-	95,516
Mt. Pleasant	29,513	-	177,056
Mt. Pleasant - Redevelopment District	28,000	-	28,272
Spring City	7,526	-	42,212
Sterling	2,632	-	6,831
Wales	505	-	2,850
Other Districts:			
Sanpete Water Conservancy District	58,436	-	249,262
Central Utah Water Conservancy District	69,872	-	278,622
	<hr/>	<hr/>	<hr/>
Total Due Taxing Units	1,668,901	-	8,949,156
	<hr/>	<hr/>	<hr/>
GRAND TOTALS	1,815,119	11,735,804	-
	<hr/>	<hr/>	<hr/>

<u>Fee-In-Lieu Apportioned</u>	<u>UPP and Miscellaneous Collections</u>	<u>Delinquent Taxes Apportioned</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2006</u>
-	-	-	-	-	-
(1,688,841)	-	-	-	-	-
-	-	(762,272)	-	-	-
-	(84,631)	-	-	-	-
-	-	-	156,787	69,377	87,410
-	-	-	28,135	-	28,135
-	-	-	91,138	44,621	46,517
-	-	-	67,416	62,471	4,945
-	-	-	53,646	53,646	-
<u>(1,688,841)</u>	<u>(84,631)</u>	<u>(762,272)</u>	<u>397,122</u>	<u>230,115</u>	<u>167,007</u>
294,020	16,065	133,194	2,088,170	1,485,172	602,998
23,560	1,054	12,052	145,446	105,513	39,933
40,855	2,230	13,089	288,892	203,839	85,053
462,558	25,698	271,761	3,959,644	3,020,074	939,570
531,157	26,038	206,806	4,337,359	3,257,108	1,080,251
6,299	186	1,375	33,223	26,023	7,200
43,832	2,343	18,561	360,557	261,510	99,047
-	-	-	60,000	25,000	35,000
26,027	366	3,662	94,872	70,570	24,302
1,856	46	303	7,917	6,000	1,917
10,682	360	4,079	60,050	45,673	14,377
17,708	773	8,883	125,417	92,587	32,830
27,327	1,155	9,621	187,193	144,468	42,725
3,678	114	339	18,361	14,154	4,207
28,156	901	5,180	153,316	118,096	35,220
54,683	1,648	19,765	282,665	211,002	71,663
-	-	-	56,272	28,000	28,272
13,391	421	3,970	67,520	52,410	15,110
2,562	64	444	12,533	9,615	2,918
1,076	29	286	4,746	3,798	948
44,941	2,434	22,899	377,972	286,517	91,455
<u>54,473</u>	<u>2,706</u>	<u>26,003</u>	<u>431,676</u>	<u>329,187</u>	<u>102,489</u>
<u>1,688,841</u>	<u>84,631</u>	<u>762,272</u>	<u>13,153,801</u>	<u>9,796,316</u>	<u>3,357,485</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,550,923</u>	<u>10,026,431</u>	<u>3,524,492</u>

(This page contains no information and
is used to assist in formatting for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners
Sanpete County
Manti, Utah 84642

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sanpete County as and for the year ended December 31, 2006, which collectively comprise Sanpete County's basic financial statements and have issued our report thereon dated April 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sanpete County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanpete County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sanpete County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects Sanpete County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Sanpete County's financial statements that is more than inconsequential will not be prevented or detected by Sanpete County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Sanpete County's internal control.


Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanpete County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Sanpete County in a separate letter dated April 24, 2007.

This report is intended solely for the information and use of management and County Commission and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

April 24, 2007
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners
Sanpete County
Manti, Utah 84642

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sanpete County, for the year ended December 31, 2006, and have issued our report thereon dated April 24, 2007. As part of our audit, we have audited Sanpete County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

B Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The County also received the following nonmajor grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Sanpete County's financial statements.)

State PILT (Department of Natural Resources)
Bookmobile Grant (Department of Community and Economic Development)
LEPC (Department of Public Safety)
Trapper Grant (Department of Agriculture)
Exercise and Training Grant (Department of Public Safety)
State Local Assistance Grant (Department of Public Safety)
Cert Grant (Department of Public Safety)
Citizen Corp Grant (Department of Public Safety)
Voter Outreach Grant (Governor's Office)
Emergency Grant (Department of Public Safety)
Mosquito Abatement Grant (Department of Agriculture)
RS2477 Recordation Process (Public Lands Coordination Office)
Rural Communities Grant (Governor's Office)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Liquor Law Enforcement
Justice Court
B & C Road Funds

Other General Issues
Uniform Building Code Standards
Statement of Taxes Charged
Collected & Disbursed
Assessing and Collecting of
Property Taxes
Transient Room Tax

The Honorable Board of County Commissioners
Sanpete County
Page -2-

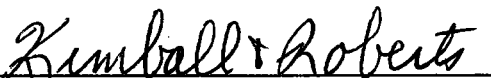
The management of Sanpete County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The schedule of transient room, tourism, recreation, culture and convention facilities tax expenditures on page 64 is not a required part of the basic financial statements but is information required by the State of Utah. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required information and test of expenditures. However, we did not audit the information and express no opinion on it.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Sanpete County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

April 24, 2007
Richfield, Utah

SANPETE COUNTY
SCHEDULE OF TRANSIENT ROOM, TOURISM, RECREATION, CULTURE AND
CONVENTION FACILITIES TAX EXPENDITURES

For The Year Ended December 31, 2006

Transient Room Tax:

Establish and Promoting:

Recreation	-
Tourism	36,986
Film Production	-
Conventions	-

Acquiring, Leasing, Construction, Furnishing or Operating:

Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	-
Related Facilities	-

Acquiring or Leasing Land Required For or Related To:

Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	-
Related Facilities	-

Mitigation Costs:

Payment of Principal, Interest, Premiums and Reserves on Bonds	-
--	---

Total Expenditures	<u>36,986</u>
--------------------	---------------

Tourism, Recreation, Culture and Convention Facilities Taxes:

Financing Tourism Promotion	77,816
-----------------------------	--------

Development, Operation and Maintenance of:

Tourist Facilities	-
Recreation Facilities	-
Culture Facilities	-
Pledges as Security for Evidence of Indebtedness	-

Rese Reserves and Pledges:

Reserves on Bonds Related to TRT Funds	-
Pledges as Security for Evidences of Indebtedness Related to TRCC	-

Total Expenditures	<u>77,816</u>
--------------------	---------------

**SANPETE COUNTY
MANAGEMENT LETTER
DECEMBER 31, 2006**

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

April 24, 2007

The Honorable Board of County Commissioners
Sanpete County
Manti, Utah 84642

During our audit of the funds of Sanpete County for the year ended December 31, 2007, we noted certain areas needing corrective action in order for the County to be in compliance with state laws and regulations. We also found circumstances that, if improved, would strengthen the County's accounting system and control over its assets. These items are discussed below for your consideration.

COMPLIANCE WITH LAWS AND REGULATIONS:

Cash Management

Utah Code 51-4-2(2) requires all public funds to be deposited daily, whenever practicable, but no later than three business days after receipt.

Finding:

During our tests of compliance for cash receipts we noted that the receipts in the Treasurer's office are not always made within three days of receipt

Recommendation:

We recommend that deposits be made daily, whenever practicable, but not later than three business days after original receipt.

Response:

The finding above was discussed with Sanpete County officials and they concur with the recommendation.

Budgetary Compliance

Finding:

During the audit we noted that the budgets in the E-911 Fund and the Municipal Building Authority Fund has both exceeded the adopted budgets.

Recommendation:

We recommend that these budgets be monitored more closely and, if needed, the budgets be increased for additional revenues and corresponding expenditures. This should be done in a public hearing, which has been properly advertised.

Response:

The finding above was discussed with Sanpete County officials and they concur with the recommendation.

INTERNAL CONTROLS:

Building Inspectors Office

Finding:

We noted during the audit that one can access the building inspectors office from an adjoining business. There is not a lock on the door between the two businesses. The building inspector's office receives a sufficient amount of checks for building permits. The checks are kept in the building permit file until the deposit is prepared. The checks are receipted, with a prenumbered receipt, but the check is not restrictively endorsed until the deposit is prepared.

Recommendation:

We recommend that the County review the present policies at the building inspectors office. The office should not be accessible by other businesses when there are funds in the office.

Finding:

We noted during the audit that in the building inspector's office there is only one secretary who receives the inspection fees, receipts the money, prepares the deposits and delivers the deposits to the clerk's office. There appears to be some incompatible functions performed when there is only one person handling the receipts and deposits.

Recommendation:

We recommend that, if possible, there should be more than one person involved with the receipting and depositing of County funds.

Response:

The findings above were discussed with Sanpete County officials and they concur with the recommendation.

We would like to take this opportunity to thank Sanpete County's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS
Certified Public Accountants